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October 7, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES: REQUEST TO ACCEPT
COMPROMISE OFFERS OF SETTLEMENT**
(Second and Fourth District) (3 Votes)

SUBJECT

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so. Since the compromises referenced below are not within the Director's authority, the Director is requesting Board approval of these compromises.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Interim Director of Health Services (Director) or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts for patients who received medical care at a County facility:

(1)	Account Number	RLANRC – Various	\$ 176,065
(2)	Account Number	H/UCLA – Various	\$ 7,472

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The compromise offer of settlement for patient account (1) is recommended because the amount is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations. The compromise offer of settlement for patient account (2) is recommended because the patient is unable to pay the full amount of charges and the compromise offer represent the maximum amount the Department will be able to receive under the legal settlement involved in the case.

The best interests of the County would be served by the approval of these compromises, since it will enable DHS to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$183,537.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's hospital lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on these accounts will help DHS meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

JFS:lg (R:\LMARTINEZ\COMPROMISE\BDLTR#69\LETTER)

Attachments (2)

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: October 7, 2008

Total Charges	\$352,130	Account Number	4651915 & 4699427
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$352,130	Date of Service	5/6/08-6/3/08 & 6/3/08-6/17/08
Compromise Amount Offered	\$176,065	% Of Charges	50%
Amount to be Written Off	\$176,065	Facility	RLANRC

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations. This patient is an out-of-network patient and the offer amount is higher than the out-of-network rate Rancho Los Amigos National Rehabilitation Center (RLANRC) would have been paid.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: October 7, 2008

Total Charges	\$87,568	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$87,568	Date of Service	Various
Compromise Amount Offered	\$7,472	% Of Charges	9%
Amount to be Written Off	\$80,096	Facility	H/UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile versus motorcycle accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient and outpatient charges of \$87,568 for medical services rendered. The patient did not apply for Medi-Cal or any of Los Angeles County's low cost/no cost programs. The patient's third party liability (TPL) claim settled for \$30,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$14,944.12	\$14,944.21	50%
Lawyer's Cost	\$111.57	\$111.57	0%
H/UCLA Medical Center	\$87,568	\$7,472.11	25%
Other Lien Holders			
Patient		\$7,472.11	25%
Total		\$30,000	100%

* Attorney's fee of 50% was agreed upon in the retainer agreement between the patient and her attorney. This settlement distribution is consistent with the Hospital Lien Act (California Civil Statute 3045) which indicates that lien holders are entitled to 50% of the settlement after deducting attorney's fees and cost.

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income, or personal or real property to meet her obligation to H/UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.